

LEADING EDGE SERVICES INTERNATIONAL, INC.  
D/B/A FAMILY HEALTH CENTER

FINANCIAL STATEMENTS  
ACCOMPANYING INFORMATION  
AND  
REPORT TO BOARD

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June 30, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 3/23/11

LEADING EDGE SERVICES INTERNATIONAL, INC.  
D/B/A FAMILY HEALTH CENTER  
NEW ORLEANS, LOUISIANA

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CLIFTON W. NEWLIN  
ROBERT D. WATKINS  
EDWARD G. BERBUESSE, JR.  
JOHN S. FOLSE



WEGMANN DAZET & COMPANY

MARK D. BOHNET  
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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Leading Edge Services International, Inc.  
d/b/a Family Health Center  
Kenner, Louisiana

We have audited the accompanying statement of financial position of Leading Edge Services International, Inc. d/b/a Family Health Center (a nonprofit organization) as of June 30, 2010, and the related statement of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Leading Edge Services International, Inc. d/b/a Family Health Center as of June 30, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2011, on our consideration of Leading Edge Services International, Inc. d/b/a Family Health Center's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements of Leading Edge Services International, Inc. d/b/a Family Health Center taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used

to prepare the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

February 23, 2011

*Wegman Payet & Company*

LEADING EDGE SERVICES INTERNATIONAL, INC.  
D/B/A FAMILY HEALTH CENTER  
STATEMENT OF FINANCIAL POSITION

June 30, 2010

	2010
<b>ASSETS</b>	
Current assets	
Accounts receivable	\$ 159,500
Total current assets	<u>159,500</u>
Property and equipment, at cost less accumulated depreciation	32,361
Deposits	<u>4,057</u>
Total assets	<u><u>\$ 195,918</u></u>
<b>LIABILITIES</b>	
Current liabilities	
Cash overdraft	\$ 7,299
Accounts payable	95,480
Accrued payroll liabilities	19,720
Due to related parties	<u>37,500</u>
Total current liabilities	<u>159,999</u>
<b>NET ASSETS</b>	
Net assets	
Unrestricted accumulated equity	<u>35,919</u>
Total net assets	<u>35,919</u>
Total liabilities and net assets	<u><u>\$ 195,918</u></u>

See accompanying Notes to Financial Statements.

LEADING EDGE SERVICES INTERNATIONAL, INC.  
D/B/A FAMILY HEALTH CENTER  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2010

	Unrestricted Actual	Restricted Actual	Total
Revenues			
Grants	\$ 496,982	\$ 141,528	\$ 638,510
Program	348,450	-	348,450
Net assets released from restriction	306,887	(306,887)	-
Total revenue	<u>1,152,319</u>	<u>(165,359)</u>	<u>986,960</u>
Expenses			
Program services			
Clinic	224,375	-	224,375
OHP	297,833	-	297,833
MAI	61,073	-	61,073
LPHI	346,442	-	346,442
Supporting services			
General and administrative	21,940	-	21,940
Total expenses	<u>951,663</u>	<u>-</u>	<u>951,663</u>
Change in net assets	200,656	(165,359)	35,297
Net assets			
Beginning of year	<u>(164,737)</u>	165,359	<u>622</u>
End of year	<u>\$ 35,919</u>	<u>\$ -</u>	<u>\$ 35,919</u>

See accompanying Notes to Financial Statements.

LEADING EDGE SERVICES INTERNATIONAL, INC.  
D/B/A FAMILY HEALTH CENTER  
SCHEDULE OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2010

	OHP Louisiana	MAI Dept. of	LPHI	General and	Total
	Dept. of Health	Health Human	Louisiana	administrative	Expenses
	Services Ryan	Services Ryan	Public Health		
	White	White	Institute		
	\$	\$	\$	\$	\$
Billing expense	5,734	-	-	36	5,770
Consumer awareness and outreach	-	-	-	-	497
Contract services	-	489	3,583	-	4,072
Depreciation	-	-	-	17,599	17,599
Dues and subscriptions	-	7,902	-	-	7,902
Employee benefits	(6,645)	15,171	16,026	(1,285)	25,841
Equipment and service contracts	-	4,938	-	-	7,012
Insurance	599	19,198	9,752	1,657	32,567
Legal and professional services	9,641	8,328	310	-	26,188
Meals and entertainment	3,261	-	-	212	3,473
Medical fees	115,446	38,934	-	2,570	159,346
Medical supplies	470	1,893	7,010	-	10,888
Occupancy	10,481	23,158	35,292	1,151	74,936
Office supplies	(112)	4,031	2,066	-	7,363
Other	(10,227)	674	577	-	(8,635)
Payroll taxes	4,764	10,728	17,839	-	35,767
Recruitment and retention	11,980	-	1,750	-	13,730
Repair and maintenance	1,923	1,412	-	-	5,052
Salaries	74,741	145,978	244,353	-	496,879
Telephone	(1,266)	4,654	7,884	-	11,486
Training	50	50	-	-	100
Transportation services	-	10,295	-	-	10,295
Travel	3,535	-	-	-	3,535
Total expenses	\$ 224,375	\$ 297,833	\$ 346,442	\$ 21,940	\$ 951,663

See accompanying Notes to Financial Statements.

LEADING EDGE SERVICES INTERNATIONAL, INC.  
D/B/A FAMILY HEALTH CENTER  
STATEMENT OF CASH FLOWS  
For the Year Ended June 30, 2010

	2010
Cash flows from operating activities:	
Change in net assets	\$ 35,297
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:	
Depreciation	17,600
(Increase) decrease in operating assets:	
Receivables	(159,500)
Deposits	1,104
Increase (decrease) in operating liabilities:	
Accounts payable	(56,493)
Accrued payroll liabilities	(41,305)
Due to related party	(11,195)
Net cash used by operating activities	<u>(214,492)</u>
Cash flows from financing activities:	
Increase in cash overdrafts	<u>7,299</u>
Net cash provided by financing activities	<u>7,299</u>
Net decrease in cash	(207,193)
Cash and cash equivalents at beginning of year	<u>207,193</u>
Cash and cash equivalents at end of year	<u>\$ -</u>

See accompanying Notes to Financial Statements.

LEADING EDGE SERVICES INTERNATIONAL, INC.  
D/B/A FAMILY HEALTH CENTER  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010

1. Nature of operations

Leading Edge Services International, Inc. d/b/a Family Health Center (the Organization) is a non-profit corporation operating as an outpatient clinic specializing in primary health care, HIV/AIDS, and sexually transmitted diseases. It also provides healthcare services to low income individuals and families without health insurance in targeted communities within the State of Louisiana. The primary sources of revenue are from Federal, State, and Local grants.

2. Summary of Significant Accounting Policies

The significant accounting policies followed by the Organization are summarized as follows:

(a) Financial statement presentation

The Organization's policy is to prepare its financial statements on the accrual basis of accounting, which recognizes all revenues and the related assets when earned and all expenses and the related obligations when incurred.

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in unrestricted net assets. All other donor restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as unrestricted contributions.

(b) Cash and cash equivalents

All cash-related items having a maturity of three months or less from the original maturity date are classified as cash and cash equivalents.

(c) Accounts receivable

Accounts are considered overdue if uncollected within ninety days of original invoice. The Organization writes off uncollectible accounts as they are identified. Amounts written off in the year ended June 30, 2010 totaled \$29,553. No allowance for uncollectible accounts has been provided, as management has evaluated the accounts and believes they are all collectible.

(d) Depreciation of property and equipment

Depreciation of the office equipment, medical equipment and furniture and fixtures is provided over the estimated useful lives of the respective assets on a straight-line basis ranging from 2 to 7 years.

(e) Taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. The Organization has filed for and received income tax exemptions in the various jurisdictions where it is required to do so. The Organization files Form 990 and Form 990-T tax returns in the U.S. federal jurisdiction and in various states.

LEADING EDGE SERVICES INTERNATIONAL, INC.  
D/B/A FAMILY HEALTH CENTER  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010

2. Summary of Significant Accounting Policies (continued)

(e) Taxes (continued)

The Organization adopted the provisions of ASC 740, *Accounting for Uncertainty in Income Taxes*, on January 1, 2009. Management of the Organization believes it has no material uncertain tax positions and, accordingly it will not recognize any liability for unrecognized tax benefits. With few exceptions, the Organization is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for the years before 2006.

(f) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(g) Concentration of credit risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. The Organization has not experienced any losses in such accounts. The Organization has no policy requiring collateral or other security to support its deposits.

(h) Donated services

Donated services are recognized as contributions if the services create or enhance nonfinancial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchase by the Organization.

No such contributions were recorded in 2010.

3) Property and equipment

Property and equipment consist of the following:

	<u>2010</u>
Furniture & fixtures	\$ 20,070
Medical equipment	20,778
Office equipment	<u>35,175</u>
Total costs	76,023
Less: accumulated depreciation	<u>43,662</u>
Property and equipment	<u>\$ 32,361</u>

LEADING EDGE SERVICES INTERNATIONAL, INC.  
D/B/A FAMILY HEALTH CENTER  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010

4) Federal financial assistance

The Organization was awarded a grant from the Primary Care Access and Stabilization Grant through the Louisiana Public Health Institute to provide primary care to all patients regardless of their ability to pay. The Organization received supplemental payments during the grant period. The final 30% of the grant award was administered by cost-reimbursement. Any balances due from the grant at year end are included in accounts receivable. Grant activity for the year ended June 30, 2010 was as follows:

	<u>2010</u>
2010 Grant Receipts	\$ 116,649
2009 Grant Receipts	165,359
Grant Expenditures	<u>306,887</u>
Due from grant at end of year	<u>\$ 24,879</u>

The Organization was awarded a grant from the Ryan White Grant HIV/AIDS Program which is administered by the U.S. Department of Health and Human Services (HHS), Health Resources and Services Administration (HRSA), HIV/AIDS Bureau (HAB) through the City of New Orleans. Federal funds are awarded to agencies located around the country, which in turn provide care to eligible individuals. The grant is considered to be an exchange transaction. Accordingly, revenue is recognized when earned and expenses are recognized as incurred. Any balances due from the grants at year end are included in accounts receivable. Grant activity for the year ended June 30, 2010 was as follows:

	<u>2010</u>
Grant Receipts	\$ 285,487
Grant Expenditures	<u>384,074</u>
Due from grant at end of year	<u>\$ 98,587</u>

5) Related party transactions

The Organization received cash from various members of the Organization to help with operations. As of June 30, 2010, the Organization owed these related parties \$37,500. No collateral was required on these advances owed to related parties and advances were to be repaid back within three years. As of November 2010, the Organization paid off the advances received from related parties.

The Organization received advisory services from a family member of the Organization's board of directors. During the fiscal year ended June 30, 2010, the Organization paid \$6,276 for these services.

At June 30, 2010, the Organization had \$1,105 of accounts payable owed to related parties. The balances owed were for general operating expense reimbursements related to the prior year.

6) Subsequent events

Management has evaluated subsequent events through February 23, 2011, the date which the financial statements were available to be issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements.

REPORT TO BOARD

June 30, 2010

CLIFTON W. NEWLIN  
ROBERT D. WATKINS  
EDWARD G. BERBUESSE, JR.  
JON S. FOLBE



WEGMANN DAZET & COMPANY

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JONATHAN P. KOENIG

February 23, 2011

Board of Directors  
Leading Edge Services International, Inc.  
d/b/a Family Health Center  
Kenner, Louisiana

Dear Members of the Board of Directors:

We have audited the financial statements of Leading Edge Services International, Inc. d/b/a Family Health Center (the Organization) for the year ended June 30, 2010, and have issued our report thereon dated February 23, 2011. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 11, 2010. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Leading Edge Services International, Inc. d/b/a Family Health Center are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2010. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

WEGMANN DAZET & COMPANY | A PROFESSIONAL CORPORATION | CERTIFIED PUBLIC ACCOUNTANTS  
MEMBERS: AICPA PRIVATE COMPANIES PRACTICE SECTION | AN INDEPENDENT MEMBER OF THE BDO SEIDMAN ALLIANCE  
NEW ORLEANS OFFICE | 111 VETERANS BLVD. | SUITE 800 | METAIRIE | LA 70005  
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### *Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated February 23, 2011.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Association's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Board of Directors and management of Leading Edge Services International, Inc. d/b/a Family Health Center and is not intended to be and should not be used by anyone other than these specified parties.

February 23, 2011

A handwritten signature in cursive script, appearing to read "W. J. Ryan", is written in dark ink.

**OMB CIRCULAR A-133 COMPLIANCE AND  
GOVERNMENT AUDITING STANDARD REPORTS**

CLIFTON W. NEWLIN  
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JON S. FOLSE



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REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

To the Board of Directors  
Leading Edge Services International, Inc.  
d/b/a Family Health Center  
Kenner, Louisiana

We have audited the financial statements of Leading Edge Services International, Inc. d/b/a Family Health Center as of and for the year ended June 30, 2010, and have issued our report thereon dated February 23, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Leading Edge Services International, Inc. d/b/a Family Health Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Leading Edge Services International, Inc. d/b/a Family Health Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Leading Edge Services International, Inc. d/b/a Family Health Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item 2010-1.

This report is intended solely for the information and use of management, Board of Directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

February 23, 2011

*Wegman Payet & Company*

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors  
Leading Edge Services International, Inc.  
d/b/a Family Health Center  
Kenner, Louisiana

COMPLIANCE

We have audited Leading Edge Services International, Inc. d/b/a Family Health Center's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Leading Edge Services International, Inc. d/b/a Family Health Center's major federal programs for the year ended June 30, 2010. Leading Edge Services International, Inc. d/b/a Family Health Center's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Leading Edge Services International, Inc. d/b/a Family Health Center's management. Our responsibility is to express an opinion on Leading Edge Services International, Inc. d/b/a Family Health Center's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Leading Edge Services International, Inc. d/b/a Family Health Center's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Leading Edge Services International, Inc. d/b/a Family Health Center's compliance with those requirements.

In our opinion, Leading Edge Services International, Inc. d/b/a Family Health Center complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

INTERNAL CONTROL OVER COMPLIANCE

Management of Leading Edge Services International, Inc. d/b/a Family Health Center is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Leading Edge Services International, Inc. d/b/a Family Health Center's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the

effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Leading Edge Services International, Inc. d/b/a Family Health Center's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as define above.

This report is intended solely for the information of the Board of Directors, management, others within the Organization, and federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.

February 23, 2011

*Wegman Day & Company*

LEADING EDGE SERVICES INTERNATIONAL, INC.  
D/B/A FAMILY HEALTH CENTER  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2010

<u>Federal Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Health and Human Services		
Louisiana Public Health Institute –		
Primary Care Access and Stabilization Grant	93.779	\$306,887
City of New Orleans		
Ryan White Comprehensive	93.914	128,659
AIDS Resources Emergency		
Primary Medical Care and		
Drug Reimbursement	93.914	<u>255,416</u>
 Total Expenditure of Federal Awards		 <u>\$690,962</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

LEADING EDGE SERVICES INTERNATIONAL, INC.  
D/B/A FAMILY HEALTH CENTER  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2010

Note A Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note B Risk-Based Audit Approach

The dollar threshold used to distinguish between Type A and Type B programs is \$300,000. The Organization does qualify as a low-risk auditee.

LEADING EDGE SERVICES INTERNATIONAL, INC.  
D/B/A FAMILY HEALTH CENTER  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010

SUMMARY OF THE AUDITORS' RESULTS

1. An unqualified opinion was issued on the financial statements of Leading Edge Services International, Inc. d/b/a Family Health Center.
2. The statement that reportable conditions in internal control were disclosed by the audit of the financial statements and whether any such conditions were material weaknesses is located on page 19.
3. The audit disclosed no instances of noncompliance that were material to the financial statements of Leading Edge Services International, Inc. d/b/a Family Health Center.
4. The statement that reportable conditions in internal control over major programs were disclosed by the audit and whether any such conditions were material weaknesses is not applicable.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit disclosed no findings, which are required to be reported under Section 501(a) of Circular A-133.
7. Major programs for the fiscal year ended June 30, 2010 were:

U.S. Department of Health and Human Services	
Primary Care Access and Stabilization Grant	(CFDA #93.779)
City of New Orleans	
Primary Medical Care and Drug Reimbursement	(CFDA #93.914)
Ryan White Comprehensive AIDS Resources	
Emergency	(CFDA #93.914)
8. The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
9. Leading Edge Services International, Inc. d/b/a Family Health Center was determined to be a low-risk auditee.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

*There were no items identified in the course of our testing during the current year required to be reported.*

STATUS OF PRIOR YEAR AUDIT FINDINGS

*There were no instances of reportable conditions found.*

MANAGEMENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR FINDINGS

*No instances of reportable condition were found.*

LEADING EDGE SERVICES INTERNATIONAL, INC.  
D/B/A FAMILY HEALTH CENTER  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010

**Section I Summary of Auditors' Report**

**A) Financial Statements**

Type of auditors' report issued: Unqualified

Internal Control over financial reporting:

• Deficiency in internal control identified	<u>  x  </u>	Yes	<u>      </u>	No
• Material weakness(es) identified	<u>      </u>	Yes	<u>  x  </u>	No
Noncompliance material to financial statements noted	<u>      </u>	Yes	<u>  x  </u>	No

**Section II Financial Statement Findings**

There was one financial statement finding required to be reported for the year ended June 30, 2010. This finding (2010-1) is located on page 20.

LEADING EDGE SERVICES INTERNATIONAL, INC.  
D/B/A FAMILY HEALTH CENTER  
MANAGEMENT'S CORRECTIVE ACTION PLAN  
For the Year Ended June 30, 2010

**Section I Internal Control and Compliance Materials to the General Purpose Financial Statements**

<b>SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS</b>	
2010-1 Failure in operation of the internal controls: Failure to provide audited financial statements to the State of Louisiana within the required six month time frame	Management has addressed this failure by applying for and being granted an extension by the State of Louisiana. Management will have the audited financial statements submitted to the State by the extension deadline.  In the future, management will ensure that the audit is completed and submitted within the timeframe as required by the State of Louisiana's audit law.